DOCUMENT RESUME

ED 141 841 CS 501 731

AUTHOR Hildebrandt, Herbert W.
TITLE Consulting-Research Problems with German and American Multinational Firms.
PUB DATE Jun 77
NOTE 13p.; Paper presented at the Annual Meeting of the International Communication Association (Berlin, Germany, May 29-June 4, 1977)

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS *Business; *Business Communication; Communication (Thought Transfer); *Consultants; *Foreign Countries; *International Relations; *Research Problems
IDENTIFIERS *Germany

ABSTRACT

International researchers need to be aware of international problems and multinational managerial codes when they work with worldwide organizations. This paper develops the premise that consulting with German multinational companies is more complex than consulting with or researching for American firms. Discussion focuses on the following three facets of research and consultation: qualifications for doing consulting research for German firms (command of German, knowledge of the complex characteristics of the culture, and awareness of managerial differences), problems of American scholarly researchers in those firms (company control of information, variations in business procedures, sociological factors, and the variable time factor), and suggestions for the American consultant researcher. The paper concludes that, although consulting with German firms is difficult and complex for Americans, the rewards outweigh most of the problems. (JM)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

ED141841

CONSULTING-RESEARCH PROBLEMS WITH GERMAN AND AMERICAN MULTINATIONAL FIRMS

Paper Given at
ICA Meeting,
Berlin, June 2, 1977

Herbert W. Hildebrandt
Graduate School of Business
The University of Michigan
Ann Arbor, Mi. 48109

This paper moves on the premise that consulting for German multinational companies is complex, more so than consulting or researching in American firms. If we are international researchers--as implied by this meeting in Berlin--we should be aware of international problems and multinational managerial codes when working with world-wide organizations.[1]

Our topic will be discussed under three headings: (1) qualifications for doing consulting-research in German firms; (2) problems of American scholar-researchers in those firms; and (3) suggestions for the American scholar-researcher.

I.

QUALIFICATIONS FOR INTERNATIONAL CONSULTANT

Some definitions are needed. International consulting we define as improving international management practices by a qualified person who identifies problems within the headquarters company or subsidiaries, offers appropriate recommendations for action, and communicates these recommendations in written and oral form.

A multinational company can simply be defined as a firm which does business in more than one country. Additionally it means a "world wide corporation registered in several countries, but all controlled by one headquarters."[2]

CS 501 731

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

"PERMISSION TO REPRODUCE THIS COPYRIGHTED MATERIAL HAS BEEN GRANTED BY Herbert W. Hildebrandt TO ERIC AND ORGANIZATIONS OPERATING UNDER AGREEMENTS WITH THE NATIONAL INSTITUTE OF EDUCATION. FURTHER REPRODUCTION OUTSIDE THE ERIC SYSTEM REQUIRES PERMISSION OF THE COPYRIGHT OWNER."

Thus an immediate inference is that a dimension beyond refined scholarly tools is needed. Lists of consultant characteristics are numerous. One could cite, for example, the fourteen qualities suggested by the Association of Consulting Management Engineers: professional etiquette; stability of behavior; self-confidence; personal effectiveness; integrity; independence; intellectual competence; analytical ability; creative imagination; skill in interpersonal relationship; ability to communicate; and last, psychological maturity.[3] These are acceptable. We do not disagree. I find little fault.

But first on my qualification list is command of German. The popular press skews the situation. Indeed, this meeting assumes precise English language competence by German listeners. We are further led to believe that all communication in the business world is English: solely, consistently, unquestioningly.

It is true that many German firms transmit their messages in English to the United States and in turn receive telexes in English. Write in English to a German firm and you will receive a reply in English. Conclusion: the world of German business is English and communication problems are negligible.

The preceding is more true for the upper level manager, usually at the level of the Aufsichtsrat (Board of Directors) or the Vorstand (Executive Committee). But, each managerial move from those positions finds less English language competency in a German firm.

I maintain that knowing German will help your consulting-research activity in the following ways:

--Written material can be read in the original
--Dolmetscher (translators) in interviews are unnecessary
--Interviewees are more open in their native language
--Credibility of researcher is increased
--Breath of interviews widened, contacts broader; one can speak with non-English speaking employees
--Informal group meetings develop
--Contacts outside of work environment occasionally occur
--Breakdowns in communication are less

In sum, one's academic research skills are insufficient to overcome the language barrier. Language competence is a must qualification for perceptive multinational consulting or research.

Second, the popular booklet These Strange German Ways[4] is but a cultural preamble to a highly complex set of human variables. One must go beyond that introductory booklet, knowing something of the political scene; the economy; the history; the people; the traditions--then proceed with one's work.

Third, as a direct outgrowth of the preceding, an awareness of managerial differences--a direct relationship to cultural behavior and tradition--should be understood. A naive researcher with the presumption that German-American value systems, managerial styles, employee attitudes and policies, formal-informal communication systems are identical, is in error. Such naivete is the cause for the problems which

I shall discuss in my next section.

II.

PROBLEMS OF AMERICAN CONSULTANTS IN GERMANY

From our experience a consultant's task could be as simple as conducting a limited survey.[5] The scope is narrow. One's work would range from market studies, employee attitudes, to decision-making as affected by cultural variables The list is endless.

One might do a broader management survey. The Geneva office of the International Labor Organization suggests that researchers would recognize the management survey under heading: such as management audit; consulting survey; diagnostic survey; diagnostic evaluation; business diagnosis, pilot study, or company appraisal.[6]

Regardless of the consultant's relationship with a German firm, the end product will often be to suggest change. That action demands employee contact, access to information, communication with numerous German employees. Therein lie problems, to which we now turn.

Company control of information. Obtaining data from German management is more difficult than in American companies. Businesses in the United States are more open; numerous reports are public; government regulations insist on extensive disclosure. In German firms there is tighter control of information.

This is not the place to speculate why there is tighter control of information, but a few descriptive comments by

German managers themselves might be useful:

--We're concerned that our information will fall into the hands of competitors. We're even hesitant to offer news stories to the Handelsblatt or Wirtschaftswoche

--We feel that keeping information to ourselves is for our own benefit. When working on an experiment I have no intent to let my colleagues know about it. They're also my competitors.

--We desire to be separated from our subsidiaries here in Germany and from our subsidiaries in the United States.

--We really need approval to show you anything.

There is a reluctance to provide raw data in written form. Gathering information orally is a bit easier, particularly when knowing the language well.

Variations in business procedures. This generic phrase can be called differences in management style or difference in organizational procedure. Things are just done differently in a German company. This statement does not denegrate German business; Germans in the United States voice similar observations to us. A few examples illustrate what we have in mind:

--Dual signatures (often required by law) on letters and documents which leave a company. This dual signing is often true of financial matters.

--Inordinate detail in written reports, especially those ending with a recommendation. A German once admitted to me that starting with Adam and Eve is frequently the genesis for a German report.

--Psychological and status distance between superior and subordinate, more so if the superior has a Ph.D.

--Autocratic attitudes by superiors, notably those persons of an earlier generation.

--Overt and consistent emphasis on non-work on weekends or beyond the normal quitting time for the day.

--Vacations as a period of complete release from business; no invasion of vacation time with business concerns.

--Price binding, i.e., a consistent price for items such as automobiles regardless of where you purchase them in Germany.

--Influence of American anti-trust laws on German subsidiaries of American parent firms.

--Co-determination differences; in fact the entire labor-management relationship.

Each of the above items has been experienced by me. They hinder, impede, and limit flexibility of the researcher.

Sociological Factors. An American researcher will immediately note the strict division between office and home. A German rarely brings his private, personal world to work. In fact it is unlikely that one would be invited to the home of a German manager. Thus the consultant-client relationship is formal, a strictly business relationship.

For Americans in a German firm with a professorial and doctor title there is a pleasant result: one will be treated with esteem and respect. Furthermore, an American's status is raised even more if he speaks German with ease. I note this language factor again because without the language there is little opportunity to speak

with persons whose only command is German.

But this status difference between American and Germa results in a communication gap: often one is unsure of the communication received. It is difficult to test the validity of an oral response. Is an American consultant being told what he wishes to hear, are the answers truly discriminating, or is there a degree of fear that the response could be used against the German? In a one-time interview, for example, there is no sure way of knowing.

Variable of time. Problem solving, decision-making--as measured by American ethnocentric standards--is slow in German firms. Inordinate time is taken to avoid a wrong decision. "Americans make decisions based on 80% of the facts being in; in Germany we strive for 100%." That statement is not unusual, or rare.

Hence the consultant-researcher--if a problem, for example, is being traced between the parent firm in Germany and its subsidiary in the United States--consumes much time. Let me illustrate.

1. A question is written in the German parent firm. It is to be sent to its American subsidiary. The response requested is to be a recommendation. Prior to the question leaving the German firms, lawyers are consulted, German regulations are investigated, appropriate signatures to the cover letter and problem statement are obtained.

The language can be German.

2. The message arrives in the United States. A translation is made, often under great time stress. The American manager reads the report, in English. Staff meetings are held, in English. An American staff is assigned to draft a response. Meanwhile the consultant-researcher also interested in the probem loses contact because of the many people involved. Time passes.
3. The response, in English, is sent to the German firm. It is translated into German. Two copies of the report and recommendations are available: English and German. There is no guarantee that the two copies are alike semantically.
4. The recommendations may be unclear. There are accusations that the response does not answer the questions raised. Telexes are sent. Follow-up phone calls occur. Further mini-interpretations develop. Time passes.

My above illustration is over simplified. The communication problems are far more serious. In fact, should the communication channel be reversed, i.e., a question come from an American parent firm to a German subsidiary, the breakdown possibility is increased because of the poor linguistic command by Americans.

Regardless, the time factor affects the American consultant-researcher:

--Following single problems between Germany and the United States takes patience, and an inordinate amount of time.

--Innumerable persons are involved in message transmission and message reception.

--Added strain is put on the consulting relationship.

As we leave this section on problems of the American consultant in German firms, let me summarize: (1) secrecy or over protection control of information is real; (2) German business practices differ, rules differ; a lack of understanding by Americans may presuppose a problem when to the Germans there is no problem; (3) cultural imprints, an ethic of perfection, tradition, habits affect German business; these too demand understanding; and (4) consulting work will take longer than originally planned, particularly when the issue involves both the German parent firm and its American subsidiary.

III.

SUGGESTIONS FOR THE AMERICAN CONSULTANT-RESEARCHER

By this time, my American friends may have lost all interest in consulting for German firms: the hindrances are too many, the hurdles too high. Let me offer the following suggestions:

1. It is easier to work with the American subsidiary of a German firm than with the parent company in Germany unless you know the language well.
2. Your consulting contract and retainer might well be based on a previous research article, read by a member of the firm.

3. Any publication as a result of your investigation should avoid specific references to the firm. No German firm with whom I have worked desire this kind of publicity.

4. Be prepared to have your final recommendation promptly read, but slow to be implemented. We have in this paper not spoken of the factor of change in consulting, but an initially felt problem and a subsequent recommendation to solve that problem do not guarantee a change. A commitment to action lies beyond the prerogative of the consultant.

5. Base your German consulting on a proposal. Germans demand order. They like perfection in documents. It is my suggestion that the following items be covered in your consulting-research proposal:

    a. A clear statement of your purpose or goal of the assignment

    b. The name of the contact or liaison member in the firm

    c. Proposed methodology or chronology of undertaking

        --Persons to be contacted
        --Travel
        --Analysis instruments
        --Dates, time
        --Possible documents to be viewed

    d. Equipment and office space

e. Possible inclusions in briefing document

--Cover letter
--Table of contents
--Introduction
--Findings
--Recommendations

f. Fee Schedule

g. Resume

6. Maintain the highest personal ethical code. A first breach of confidentiality with a German firm will also be your last. What you learn and hear about is for the consultant alone; not for outside discussion.

IV.

CONCLUDING STATEMENT

Our paper concludes where we began: consulting with German firms by an American is difficult and complex. But the rewards of research and of stimulating exchanges with foreign colleagues outweighs most of the problems one faces. There are challenges, but there are also rewards.

Footnotes:

1. See particularly research statements by author:

"Communication Barriers Between German Subsidiaries and Parent American Companies." Michigan Business Review. 25(1973). 6-14; "Technical Written Reports from Germany." The Journal of Technical Writing and Communication. 4(No. 4, Fall 1974). 291-303; "Cultural Communication Problems of Foreign Business Personnel in the United States." Journal of Business Communication. 13(Fall, 1975). 13-25.

2. Yair Aharoni, "On the Definition of a Multinational Corporation," in The Multinational Enterprise) in Transition, eds. A. Kapoor and Philip Grub (Princeton, 1972). p. 17.

3. P. W. Shay, The Common Body of Knowledge for Management Consultants. (Association of Consultant Management Engineers, New York, 1974). pp. 41-42.

4. These Strange German Ways. (Atlantik-Brücke: Hamburg, 10th Edition.

5. For a full discussion of the dynamics of the interaction which occurs between consultant and client, see particularly, Robert R. Blake and Jane Srygley Mouton, Consultation. (Scientific Methods, 1976).

6. M. Kubr, ed. Management Consulting A Guide to the Profession. (International Labour Office, Geneva, 1976). p. 19.